

Message Text

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FM AMEMBASSY NEW DELHI

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C O N F I D E N T I A L NEW DELHI 4343

OPCENTER PLS PASS AFTER 9 AM MARCH 31 TO AMBASSADOR MOYNIHAN C/O
CHARLES BLITZER, ASST. SECY, SMITHSONIAN INSTITUTE

SUBJECT: REACTION TO DENATIONALIZATION OF WHEAT TRADE

REF: STATE 64458

1. CPI AND THE CONGRESS "LEFT" ARE UNHAPPY. MOST OTHER GROUPS PRAISE

THE GOVT DECISION AS NECESSARY AND LIKELY TO BE HELPFUL.

2. SUMMARY OF PARLIMENTARY REACTION IN MARCH 31 HINDUSTAN STANDARD
REPORTS THAT FORMER SOCIALIST FORUM MPS ARE GRUMBLING THAT CONGRESS

PARTY WORKING COMMITTEE HAD NOT EVEN BEEN CONSULTED AND THAT DECISION
HAD BEEN

IMPOSED EVEN ON CABINET BY PRIOR CONCLUSION REACHED WITHIN INNER
POLITICAL AFFAIRS COMMITTEE OF CABINET BY MRS. GHANDI. D.P. DHAR, K.D.

MALAVIYA, BAROOAH ARE CITED AS KEY CABINET MEMBERS WHO TRIED TO RESIST

CHANGE. CHANDRAJIT YADAV ADDRESSED YOUTH CONGRESS RALLY YESTERDAY AND

SAID FLATLY AND CRITICALLY THAT ALL-INDIA CONGRESS COMMITTEE RESOLUTIONS

HAD NOT BEEN IMPLEMENTED AND THAT WHEAT TRADE POLICY HAD FAILED BECAUSE

OF ATTITUDE OF BUREAUCRATS. CHAVAN ON THERE HAND DEFENDED POLICY
CHANGE BEFORE FORUM OF FINANCIAL WRITERS MARCH 30.

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3. CONGRESS PARLIMENTARY COMMITTEE MEETING PRESIDED OVER BY PM MARCH

30 DISCUSSED GENERAL ECONOMIC SITUATION. APPARENTLY "LEFT" MPS WITHIN

THE PARTY DID NOT USE THIS OCCASION TO CRITICIZE WHEAT POLICY BUT MERELY SAT SILENT.

4. CPI IS OBVIOUSLY X INCREASINGLY ANNOYED WITH CONGRESS POLICY. CPI NATIONAL COUNCIL RESOLUTION OF MARCH 25 (PUBLISHED NEW AGE MARCH 31) EXPANDS AT GREAT LENGTH ON RETREAT BY CONGRESS "BEFORE OFFENSIVE OF REACTIONARY VESTED INTERESTS AND RIGHT REACTIONARY FORCES, INCLUDING THOSE INSIDE CONGRESS. " LINK AND PATRIOT DUTIFULLY FOLLOW THIS TRACK IN COMMENTING ON WHEAT POLICY SHIFT. NATIONAL HERALD EDITORIAL MARCH 30 TAKES SAME LINE (SUGGESTING PAPER'S EDITORIAL POSITION NOT ALWAYS CONSISTENT WITH MRS. GHANDI'S OWN POLICIES). (EMBASSY PLANNING FURTHER ANALYSIS NEXT WEEK ON CPI/ CONGRESS RELATIONSHIP IN LIGHT OF DEVELOPMENTS LAST TWO WEEKS.)

5. PRESS REPORTS CITE FARMERS AS VERY PLEASED WITH NEW GOVT POLICY AS ARE MOST OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY WHO DESCRIBED DECISION AS "PRAGMATIC RESPONSE" WHICH PUT HEAVY RESPONSIBILITY ON WHEAT TRADERS INTEGRITY AND SERVICE). GOVTS OF HARYANA AND PUNJAB ARE UNHAPPY BUT WE KNEW EARLIER THEIR CHIEF MINISTERS HAD OPPOSED POLICY SHIFT. (REASON IN FACT RELATED TO EFFECT OF NEW POLICY CUTTING OFF BLACK SOURCES OF MONEY FOR CONGRESS PARTY IN THESE STATES.

SCHNEIDER

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